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Blakely Sokoloff Taylor & Zafman  
12400 Wilshire Boulevard 7th Floor  
Los Angeles, CA 90025

EXAMINER

POND, ROBERT M

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**BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES**

Paper No. 20040901  
Application Number: 09/528,466  
Filing Date: March 17, 2000  
Appellant(s): MITCHELL, STEVEN R.

Mr. Jonathan S. Miller, Reg. No. 48,534  
For Appellant

**EXAMINER'S ANSWER**

This is in response to the appeal brief filed 21 June 2004.

**(1) *Real Party in Interest***

A statement identifying the real party in interest is contained in the brief.

**(2) *Related Appeals and Interferences***

A statement identifying the related appeals and interferences which will directly affect or be directly affected by or have a bearing on the decision in the pending appeal is contained in the brief.

**(3) *Status of Claims***

The statement of the status of the claims contained in the brief is correct.

**(4) *Status of Amendments After Final***

The appellant's statement of the status of amendments after final rejection contained in the brief is correct.

**(5) *Summary of Invention***

The summary of invention contained in the brief is correct.

**(6) *Issues***

The appellant's statement of Issue A in the brief is substantially correct. The changes are as follows: Claims 1-41 and 53 directed to non-statutory subject matter as defined by 35 U.S.C. § 101. Rejection of Claims 42-52 under 35 U.S.C. § 101 is withdrawn.

The appellant's statement of issue B in the brief is incorrect. Rejection is under 35 U.S.C. § 102(e), not 102(b). It is clear throughout the Appeal Brief that

the Appellant is basing arguments under 102(e). The Examiner's notes this to be a typographical error.

The appellant's statement of issues C-G in the brief is correct.

**(7) *Grouping of Claims***

The appellant's statement in the brief that certain claims do not stand or fall together is not agreed with because the Appellant fails to establish separate arguments for each group based on the merits of the cited prior art. The Appellant's arguments regarding rejection under 35 U.S.C. § 102(e) and 35 U.S.C. § 103(a) are based entirely on the removal of Sharp et al. under 37 C.F.R 1.131. Sharp et al. was cited in the rejection of every claim. All claims stand or fall together.

**(8) *Claims Appealed***

The copy of the appealed claims contained in the Appendix to the brief is correct.

**(9) *Prior Art of Record***

The following is a listing of the prior art of record relied upon in the rejection of claims under appeal.

6,263,317	SHARP ET AL.	07-2001
6,058,373	BLINN ET AL.	05-2000
5,991,740	MESSER	11-1999

**(10) Grounds of Rejection**

The following ground(s) of rejection are applicable to the appealed claims:

- Claims 1-41 and 53 are rejected under 35 U.S.C. § 101. This rejection is set forth in the Office Action, mailed on 14 January 2004.
- Claims 1, 2, 8, 9, 11-13, 16-18, 25, 26, 28-30, 33-35, 39-42, 46, 47, 49, 51 and 52 are rejected under 35 U.S.C. § 102(e). This rejection is set forth in the Office Action, mailed on 14 January 2004.
- Claims 3-7, 19-24, 36-38 and 43-45 are rejected under 35 U.S.C. § 103(a). This rejection is set forth in the Office Action, mailed on 14 January 2004.
- Claims 10, 27 and 48 are rejected under 35 U.S.C. § 103(a). This rejection is set forth in the Office Action, mailed on 14 January 2004.
- Claims 14 and 31 are rejected under 35 U.S.C. § 103(a). This rejection is set forth in the Office Action, mailed on 14 January 2004.
- Claims 15, 32 and 50 are rejected under 35 U.S.C. § 103(a). This rejection is set forth in the Office Action, mailed on 14 January 2004.
- Claim 53 is rejected under 35 U.S.C. § 103(a). This rejection is set forth in the Office Action, mailed on 14 January 2004.

**(11) Response to Argument**

**A. Rejection of Claims 1-41 and 53 under 35 U.S.C. § 101.**

Preliminary Note: The Appellant's arguments regarding Claims 42-51 are persuasive. Rejection of Claims 42-52 under 35 U.S.C. § 101 is withdrawn.

Regarding Claims 1-41 and 53, the invention as claimed provides no practical application in the technological arts as set forth in the prior Office Action. In *Bowman*, the board affirmed the rejection under U.S.C. 101 as being directed to non-statutory subject matter. The Board held that the disclosed and claimed invention is directed merely to a human making mental computations and manually plotting results on a paper chart, and thus is nothing more than an abstract idea which is not tied to any technological art and is not a useful art as contemplated by the Constitution (*Ex parte Bowman*, 61 USPQ2d 1665, 1671). Even though *Bowman* is not precedential, *Bowman* is referenced for its analysis of whether the claims are in the technological arts. Regardless, practical application of the technological arts is lacking in each independent claim and dependent claims.

**A. Issues Common to the Rejection of Groups I-VI under 35 U.S.C. § 102(e) and 103(a).**

- *The Examiner consistently applied inappropriate standards-the sufficiency of declarations and their documents submitted prior to September 30, 2003 are not relevant to the Present Declaration:*

The Present Declaration, filed in an after final amendment on 30 September 2003 and entered into the record on 20 October 2003, included newly presently Documents A-D, L, and M and previously presented supporting documents (Documents E-H, I (not used), J, and K). The supporting documents in the Present Declaration were entered into the record in previous declarations as noted below:

- E: filed 17 June 2003
- F: filed 17 June 2003
- G: filed 17 June 2003
- H: filed 05 February 2003 and 17 June 2003
- J: filed 05 February 2003 and 17 June 2003
- K: filed 05 February 2003 and 17 June 2003

The Appellant exposed the absence of exhibits A-D, L, and M through piecemeal perfection of the Present Declaration relying on supporting documents common to previously filed declarations. The Appellant offered no explanation as to why these newly presented documents were not originally presented and still offers no explanations as a remedy. The Examiner believed there was reasonable justification to request an explanation of at least the absence of documents A-D given that these documents were absent in not one but two previously filed declarations relying on supporting documents common to all three declarations.

- Gaps in Diligence

Where conception occurs prior to the date of the reference, but reduction to practice is afterward, it is not enough merely to allege that applicant or patent owner had been diligent. Ex parte Hunter, 1889 C.D. 218, 49 O.G. 733 (Comm'r Pat. 1889). Rather, applicant must show evidence of facts establishing diligence. In determining the sufficiency of a 37 CFR 1.131 affidavit or declaration, diligence need not be considered unless conception of the invention prior to the effective date is clearly established, since diligence comes into question only after prior conception is established. Ex parte Kantor, 177 USPQ 455 (Bd. App. 1958). What is meant by diligence is brought out in Christie v. Seybold, 1893 C.D. 515, 64 O.G. 1650 (6th Cir. 1893). In patent law, an inventor is either diligent at a given time or he is not diligent; there are no degrees of diligence. An applicant may be diligent within the meaning of the patent law when he or she is doing nothing, if his or her lack of activity is excused. Note, however, that the record must set forth an explanation or excuse for the inactivity; the USPTO or courts will not speculate on possible explanations for delay or inactivity. See In re Nelson, 420 F.2d 1079, 164 USPQ 458 (CCPA 1970). Diligence must be judged on the basis of the particular facts in each case. Please see MPEP § 2138.06 for a detailed discussion of the diligence requirement for proving prior invention. Under 37 CFR 1.131, the critical period in which diligence must



be shown begins just prior to the effective date of the reference or activity and ends with the date of a reduction to practice, either actual or constructive (i.e., filing a United States patent application). Note, therefore, that only diligence before reduction to practice is a material consideration. The "lapse of time between the completion or reduction to practice of an invention and the filing of an application thereon" is not relevant to an affidavit or declaration under 37 CFR 1.131. See *Ex parte Merz*, 75 USPQ 296 (Bd. App. 1947). Please see MPEP 715.07(a)).

The Examiner understands the circumstances pertaining to the Appellant' litigation with Little Miss Liberty Round Crib Company and accepts the Appellant's explanation for this gap. The Appellant, however, put the Examiner in the position of examining indiscernible computer logs, computer scripts, computer screen shots, block diagrams, and computer audits as evidence of diligence prior to the prior art reference date until reduction to practice. The Examiner could not, without the aid of page-by-page annotation, ascertain the relevance of the evidence. The Appellant did not provide the Examiner with annotation that would have been useful to the Examiner in examining the evidence.

The Examiner would like to note the following Present Declaration documents reflect points in time prior to and after the prior art reference date:

- E: computer log: 09 November 1998
- Sharp et al. reference date: 01 December 1998
- F: computer script: 10 January 1999
- G: computer audit file: 19 November 1998, 22 November 1998

▪ Newly presented Document A: Flow Chart as evidence of Conception

For the reasons stated above, the Examiner requested the Appellant to provide an explanation as to the absence of Document A from previous declarations. This aside for purposes of focusing on the merits of Document A, the flow chart is not persuasive in demonstrating conception as applicable to either rejection under 35 U.S.C. § 102(e) or 103(a). For instance:

- Group I under 102(e): Independent Claims 18, 35, and 42: selecting one of the plurality of distributors to fill the order- not depicted. The consumer selects a web site to browse but the purchasing coordinator decides where to fill the order, not the consumer.
- Group I under 102(e): Claims 12 and 29: debiting the total value is performed after the order is shipped- depicted as a parallel step.
- Group II under 103(a): at least Claims 4-6: establishing the retailer profit data as either a percentage above the

manufacturer cost, or a specified sum; varying profit data among goods sold by the retailer; establishing retailer profit data as the same for each of the goods sold by the retailer; retail price is manufacturer cost and the retailer profit data- none of the above depicted.

- Group IV under 103(a): Independent Claim 53: receiving an acknowledgement when each order ships- not depicted; selecting one of the plurality of distributors to fill the order- not depicted. The consumer selects a web site to browse but the purchasing coordinator decides where to fill the order, not the consumer.

**B. Rejection of Groups I-VI under 35 U.S.C. § 102(e) and 103(a)**

The Appellant based all arguments pertaining to rejection of Groups I-VI under 35 U.S.C. § 102(e) and 103(a) upon Sharp et al. as being an improper reference under 37 C.F.R. 1.131. In that the Declaration under 37 C.F.R. 1.131 is not effective for the reasons provided, the rejections based upon Sharpe et al. have not been removed.

For the above reasons, it is believed that the rejections should be sustained.

Respectfully submitted,



Robert M. Pond  
Primary Patent Examiner  
September 7, 2004

Conferees:



Mr. Jeffrey A. Smith, Acting Supervisory Patent Examiner, AU 3625

 9-7-04

Mr. John Weiss, Supervisory Patent Examiner, AU3629, Appeals Conference  
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